

Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 NEA-10 ISO-00 CIAE-00 DODE-00 PM-04
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TO SECSTATE WASHDC 2756
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AMEMBASSY KUALA LUMPUR
AMCONSUL MANDALAY
AMEMBASSY BANGKOK
DEA BANGKOK
AMCONSUL CHIANG MAI
USLO PEKING
AMEMBASSY NEW DELHI
AMEMBASSY VIENTIANE
AMEMBASSY OTTAWA
AMEMBASSY TOKYO
AMEMBASSY BELGRADE
AMEMBASSY KATHMANDU

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1. ECONOMIC PLAN TARGETS, BUDGET FOR 1977-78 DISCUSSED (UNCL)
AT A DECEMBER 18 MEETING BETWEEN THE ECONOMIC COMMITTEE
OF THE COUNCIL OF MINISTERS AND STATE/DIVISION PEOPLE'S COUNCIL CHAIR

-

MEN, DEPUTY PRIME MINISTER AND MINISTER FOR PLANNING AND FINANCE
U LWIN DISCUSSED THE FIXING OF ECONOMIC PLAN TARGETS AND
PREPARATION OF THE BUDGET FOR BURMESE FISCAL YEAR 1977-78
(APRIL-MARCH).

U LWIN NOTED THAT DURING THE FIRST THREE YEARS OF THE
CURRENT FOUR-YEAR PLAN, GNP GROWTH HAS LAGGED BEHIND POPU-
LATION GROWTH. HE SAID THE TARGETS FOR FY 77-78 SHOULD
BE RAISED SO AS TO ACHIEVE THE 4.5 PERCENT AVERAGE ANNUAL
RATE OF INCREASE PRESCRIBED FOR THE OVERALL FOUR-YEAR
PLAN. (COMMENT: THIS WOULD REQUIRE AN FY 77-78 GROWTH
RATE APPROACHING EIGHT PER CENT.)

U LWIN ALSO CALLED FOR AN INCREASE IN THE PERCENTAGE
OF THE BUDGET DEVOTED TO INVESTMENT FROM THE CURRENT
LEVEL OF ABOUT NINE PERCENT OF GNP TO 15-20 PERCENT IN
FY 77-78.

A "STRIKING FEATURE" OF THE NEW BUDGET, ACCORDING TO
U LWIN, WILL BE AN "UNPRECEDENTED MEASURE" WHEREBY THE
STATE WILL RELAX STRICT CONTROLS OVER THE BUDGETS OF
GOVERNMENT-OWNED ECONOMIC ENTERPRISES. HOWEVER, HE
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CONTINUED, "THOUGH THE STATE WOULD NOT CONTROL THE
RECEIPTS AND EXPENDITURES OF THE ECONOMIC ESTABLISH-
MENTS, THE STATE WOULD EXERCISE FINANCIAL CONTROL."

COMMENT: (LOU) THE GOALS FOR INCREASED GNP GROWTH
AND INVESTMENT DISCUSSED BY U LWIN ARE AMBITIOUS, BUT
NOT ENTIRELY IMPOSSIBLE WITH VIGOROUS IMPLEMENTATION
OF ECONOMIC REFORM AND FAVORABLE WEATHER FOR AGRICULTURE.
MUCH WILL DEPEND ON THE NEW POLICIES ANNOUNCED AND THE
ECONOMIC MOOD ESTABLISHED BY THE THIRD PARTY CONGRESS IN
FEBRUARY. THE VAGUELY ANNOUNCED RELAXATION OF STRICT
CONTROLS OVER THE BUDGETS OF STATE ECONOMIC ENTERPRISES
SEEMS TO BE A STEP TOWARD THE MORE PRAGMATIC ECONOMIC
POLICIES URGED BY THE WORLD BANK.

2. COMMODITY PURCHASE PRICES RAISED (LOU)
ON DECEMBER 18 THE BURMESE GOVERNMENT ANNOUNCED AN
INCREASE IN THE OFFICIAL PURCHASE PRICES OF 11 COMMODITIES.

THESE CROPS ARE ALL IN THE CATEGORY OF PRODUCTS THAT CAN LEGALLY BE SOLD ONLY TO THE GOVERNMENT. THE THREE CROPS PURCHASED BY THE MINISTRY OF AGRICULTURE AND FORESTS (JUTE AND TWO VARIETIES OF COTTON), WHICH ARE NOT SALEABLE ON THE BLACK MARKET, WERE GIVEN INCREASES IN PURCHASE PRICE RANGING FROM 9.2 PERCENT TO 27 PERCENT. THE INCREASED INCENTIVE THUS PROVIDED TO FARMERS SHOULD RESULT IN HIGHER PRODUCTION. THE MINISTRY OF TRADE PURCHASE PRICES FOR EIGHT ITEMS FOR WHICH THERE IS AN ACTIVE ILLEGAL MARKET (CORN AND SEVEN VARIETIES OF DRIED BEANS) WERE INCREASED BY AMOUNTS RANGING FROM 20 PERCENT TO 108 PERCENT. SINCE THE BLACK MARKET PRICES FOR THESE COMMODITIES NOW APPROXIMATE THREE TIMES THE OFFICIAL PRICE, IT IS ESTIMATED THAT ILLEGAL PRICES WILL STILL BE AT LEAST DOUBLE THE GOVERNMENT RATE. THEREFORE, AN ACTIVE BLACK MARKET IN THESE COMMODITIES WILL PROBABLY PERSIST, THOUGH THERE SHOULD BE SOME INCREASE IN OVERALL PRODUCTION AS WELL AS IN THE AMOUNT THE GOVERNMENT IS ABLE TO PURCHASE.

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COMMENT: THIS IS ANOTHER EFFORT BY THE GUB TO MOVE TOWARD THE MORE PRAGMATIC ECONOMIC POLICIES URGED BY THE WORLD BANK. ALTHOUGH A GOOD CASE CAN BE MADE FOR EVEN GREATER INCREASES, BY PROVIDING INCREASED PRODUCTION INCENTIVES AND NARROWING THE GAP BETWEEN OFFICIAL AND BLACK MARKET PRICES, THIS ACTION SHOULD HAVE A FAVORABLE ECONOMIC IMPACT.

3. CANADIAN AID DELEGATION VISITS (UNCL)

A CANADIAN INTERNATIONAL DEVELOPMENT AGENCY DELEGATION, HEADED BY DIRECTOR-GENERAL FOR ASIA NOBEL POWER, VISITED RANGOON IN CONNECTION WITH THE CANADIAN AID PROGRAM FOR BURMA. SPECIFIC PROJECTS DISCUSSED WERE THE CONTRIBUTION OF \$13 MILLION IN AIRCRAFT, EQUIPMENT, AND TECHNICAL ASSISTANCE FOR BURMA'S DOMESTIC AIR SERVICE; AND THE \$2.8 MILLION CONTRIBUTION FOR EQUIPMENT, TRAINING, AND EXPERTS FOR THE FORESTRY EQUIPMENT MAINTENANCE DEPOT AT PYINMANA. MEETINGS WERE ALSO HELD WITH OFFICIALS OF THE HEALTH DEPARTMENT AND MINING AND CONSTRUCTION CORPORATIONS.

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4. BURMA GIVES FERTILIZER TO SRV (UNCL)
THE GUB ON DECEMBER 14 BELATEDLY ANNOUNCED THAT 500
TONS OF CHEMICAL FERTILIZER WAS HANDED OVER TO THE SRV
AT A NOVEMBER 4 CEREMONY IN HANOI. THE PRESENTATION WAS
MADE BY BURMESE AMBASSADOR U HLA SWE TO THE CHAIRMAN OF
THE VIETNAMESE FOREIGN ASSISTANCE ACCEPTANCE COMMITTEE,
NGUYEN TU.

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5. PRESIDENTIAL MARRIAGE IMMINENT (LOU)
INDICATIONS ARE NOW STRONG THAT PRESIDENT NE WIN WILL
ANNOUNCE HIS MARRIAGE TO JUNE ROSE BELLAMY ON DECEMBER 24.
GUB OFFICIALS HAVE BEEN INVITED TO A FORMAL RECEPTION ON
THAT DATE, ANB A MEMBER OF THE BRIDE'S FAMILY HAS INDICATED
TO EMBASSY SOURCES THAT THE MARRIAGE WILL BE REVEALED THERE.

6. DEFENSE CONCLUDES PRESENTATION IN COUP PLOT TRIAL (UNCL)

DURING THE PAST WEEK FINAL ARGUMENTS BY DEFENSE COUNSEL WERE HEARD, AND THE COURT SET DECEMBER 24 FOR THE PRESENTATION OF FINAL ARGUMENTS BY THE PROSECUTION. ONE DEFENDANT, CAPT. BA CHIT, COMPLAINED THAT HIS DEFENSE COUNSEL, U TIN MAUNG, HAD USED THE OCCASION OF FINAL ARGUMENT AS A "POLITICAL PLATFORM" AND OBTAINED THE COURT'S PERMISSION TO DISENGAGE HIM AS HIS ATTORNEY.

7. RELATIONS ESTABLISHED WITH ALBANIA (UNCL)
THE GUB ANNOUNCED ESTABLISHMENT OF DIPLOMATIC RELATIONS WITH ALBANIA AT THE EMBASSY LEVEL AS OF 15 DECEMBER.

COMMENT: (LOU) ACCORDING TO A MOFA OFFICIAL, THE OPENING OF RELATIONS CAME AT THE REQUEST OF THE ALBANIANS. THE BURMESE DO NOT PLAN TO OPEN A RESIDENT MISSION IN TIRANA, BUT WILL ACCREDIT THEIR AMBASSADOR TO YUGOSLAVIA, U BA MAW, TO BE CONCURRENTLY AMBASSADOR TO ALBANIA. THE GUB IS NOT SURE OF ALBANIAN INTENTIONS WITH REGARD TO A RESIDENT MISSION HERE, BUT EXPECTS THAT THE ALBANIAN AMBASSADOR IN PEKING WILL BE ACCREDITED CONCURRENTLY TO

8. JAPANESE DEPUTY FOREIGN MINISTER VISITS (UNCL)
DEPUTY FOREIGN MINISTER KEISUKE ARITA CAME TO RANGOON FOR THE FORMAL OPENING DECEMBER 10 OF THE JAPANESE EMBASSY'S NEW CHANCERY BUILDING. WHILE HERE HE CALLED ON FOREIGN MINISTER U HLA PHONE AND DEPUTY FOREIGN MINISTER U WIN. LIMITED OFFICIAL USE

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COMMENT: (LOU) ACCORDING TO A JAPANESE EMBASSY SOURCE, THE VISIT WAS PRIMARILY FOR PROTOCOL, AND THERE WAS NOTHING NEW IN ARITA'S TALKS WITH THE BURMESE.

9. EDITORIALS COMMENT ON DEA REPORT (LOU)
AFTER ALL NEWSPAPERS CARRIED A USIS PRESS RELEASE ON THE DEA REPORT ON DRUG CONTROL IN BURMA AND AROUND THE WORLD, THREE NEWSPAPERS, TWO BURMESE AND ONE ENGLISH, CARRIED LENGTHY EDITORIALS QUOTING FROM THE REPORT AND REFLECTING SATISFACTION THAT BURMESE EFFORTS WERE NOT GOING UNNOTICED. PARTICULARLY INTERESTING WAS THE FORTHRIGHT USE OF DEA QUANTITATIVE STATEMENTS ON BURMESE EFFORTS DURING THE 1975-1976 CULTIVATION SEASON - DESTRUCTION OF 17 HEROIN LABS AND REFINERIES, INTERCEPTION OF NINE LARGE DRUG CARAVANS AND DESTRUCTION OF 18,000 ACRES OF POPPIES - ALL FIGURES PREVIOUSLY CONSIDERED CLASSIFIED BY THE GUB.

10. SARPAY BEIKMAN LITERARY AWARDS PRESENTED (UNCL)

INFORMATION DEPUTY MINISTER U MYA MAUNG PRESENTED
ELEVEN LITERARY AWARDS FOR MANUSCRIPTS IN A COMPETITION
SPONSORED BY THE GUB SARPAY BEIKMAN PUBLISHING HOUSE.
U MYA MAUNG NOTED THAT 22 OF 33 PRIZES WENT UNAWARDED
THIS YEAR, SIMILAR TO THE SITUATION OF THE NATIONAL
LITERARY AWARDS, SPONSORED BY THE MINISTRY OF INFORMATION,
IN WHICH MANY PRIZES FOR PUBLISHED BOOKS WENT UNAWARDED.
U MYA MAUNG URGED WRITERS TO PRODUCE MORE BOOKS IN LINE
WITH THE POLICY AND GUIDELINES REGARDING LITERATURE,
NEWSPAPERS AND PERIODICALS LAID DOWN BY THE MINISTRY OF
INFORMATION SO THAT IN THE COMING YEARS ALL PRIZES WOULD
BE WON.
OSBORN

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